

1 **DIRECT TESTIMONY OF**
2 **RACHEL M. ROBINSON**
3 **ON BEHALF OF**
4 **SOUTH CAROLINA ELECTRIC & GAS COMPANY**
5 **DOCKET NO. 2014-5-G**
6
7

8 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

9 A. My name is Rachel M. Robinson, and my business address is 220
10 Operation Way, Cayce, South Carolina. I am a Lead Analyst in SCANA Services,
11 Inc.'s ("SCANA Services") Gas Rates and Regulatory Accounting Department.
12

13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND BUSINESS**
14 **BACKGROUND.**

15 A. I received a Bachelor of Science degree in Business Administration with a
16 major in Accounting from the University of South Carolina in May 1998 and a
17 Master of Business Administration degree with a concentration in Accounting
18 from Winthrop University in December 1999. Prior to my employment with
19 SCANA Services, I worked in the mortgage banking industry as an Internal
20 Auditor. I joined SCANA Services in October 2001 as an Internal Auditor with
21 increasing responsibility leading audits including supervising team members,
22 drafting audit reports, and communicating results to management. In February
23 2008, I accepted a Senior Analyst position in SCANA Service's Financial
24 Planning and Budgeting Department with responsibility for coordinating the
25 development of SCANA Corporation's annual operations and maintenance

1 budget. In October 2010, I accepted a Senior Analyst position in SCANA
2 Service's Gas Rates and Regulatory Accounting area and, in February 2013,
3 assumed my current position. I am a Certified Internal Auditor and Certified
4 Public Accountant in South Carolina.
5

6 **Q. WHAT ARE YOUR DUTIES AS LEAD ANALYST?**

7 A. I perform regulatory accounting functions which include preparing the
8 quarterly monitoring report filings for South Carolina Electric & Gas Company
9 ("SCE&G" or the "Company"), including pro forma adjustments for electric and
10 gas operations, as well as the annual Natural Gas Rate Stabilization Act filing. I
11 also assist with the quarterly capital cost forecasting and reporting process for
12 SCE&G's new nuclear construction project. My duties involve administering the
13 purchased gas adjustment ("PGA") mechanism, including developing the monthly
14 forecast of commodity and demand gas cost billing rates and computing monthly
15 (over)/under collection balances. I prepare SCE&G gas operations financial
16 projections and analyses and assist in the development of cost of service studies.
17

18 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

19 A. The purpose of my testimony is to support the cost of gas ("COG") data,
20 including the (over)/under collection amount for the period under review in this
21 proceeding, which is August 1, 2013, through July 31, 2014 ("Review Period").
22

1 **Q. PLEASE DESCRIBE HOW SCE&G ADMINISTERED THE APPROVED**
2 **PGA GAS COST RECOVERY MECHANISM DURING THE REVIEW**
3 **PERIOD.**

4 A. SCE&G calculates the gas cost factor for each customer class every month
5 using a rolling 12-month forecast of both demand and commodity costs. SCE&G
6 updates its COG forecast monthly using current New York Mercantile Exchange
7 ("NYMEX") prices as projected for each of the next 12 months. SCE&G uses the
8 NYMEX closing prices for a date selected by the Company that allows the revised
9 rates to be filed with the Public Service Commission of South Carolina
10 ("Commission") before the first billing cycle of the next month. The forecast is
11 reviewed monthly and updated as needed to reflect current assessments of
12 anticipated industrial margins, capacity release credits, and firm sales levels. The
13 recalibrated 12-month recovery factors, adjusted to zero-out any prior month's
14 (over)/under recovery for the 12-month period, determines the gas cost recovery
15 factors for the upcoming month. After notifying the Commission and the South
16 Carolina Office of Regulatory Staff ("ORS"), the factors are implemented for the
17 first billing cycle of the following month.

18
19 **Q. WHAT ARE THE UPDATED DEMAND COG ALLOCATION ("DCOG")**
20 **FACTORS?**

21 A. The Company reviews the DCOG allocation factors each year during the
22 PGA proceeding and updates the factors to reflect current forecast assumptions.

Pursuant to Order No. 2006-679, these DCOG allocation factors are based on a weighting of 50% forecast sales and 50% forecast peak design day demand. The forecast peak design day demand for the upcoming 2014-2015 winter is 377,081 dekatherms after adjusting for system losses. This resulting forecast is used for capacity planning purposes as illustrated in the testimony and exhibits of Company Witness Jackson. Based on the latest annual sales and demand forecasts, the new demand allocation factors will be 66.83% for Residential, 30.51% for Small General Service/Medium General Service ("SGS/MGS") and 2.66% for Large General Service ("LGS") usage groups. SCE&G respectfully requests that these new DCOG allocation factors be approved by the Commission and made effective for the first billing cycle of January 2015.

Q. WHAT ARE THE COMPANY'S CURRENTLY APPROVED FACTORS FOR COG?

A. As of September 26, 2014, the COG factors are \$0.65412 per therm for Residential, \$0.56758 per therm for SGS/MGS and \$0.51219 per therm for LGS. These factors include a Firm Commodity Benchmark for all firm customer groups of \$0.44026 per therm. Under the provisions of Order Nos. 2006-679 and 2009-910, SCE&G recalculates the COG monthly to determine whether an adjustment should be made to the current COG factors. If an adjustment to the COG factors is necessary, then SCE&G notifies the Commission and ORS of the Company's

1 intent to adjust its COG factors beginning with the first billing cycle in the next
2 succeeding month.

3
4 **Q. DURING THE REVIEW PERIOD HAS SCE&G ADMINISTERED THE**
5 **PGA MECHANISM IN ACCORDANCE WITH THE TERMS OF ORDER**
6 **NOS. 2006-679 AND 2009-910?**

7 A. Yes. During the Review Period, SCE&G implemented the PGA mechanism
8 in compliance with Order Nos. 2006-679 and 2009-910. The results are set forth on
9 Exhibit No. ____ (RMR-1). This exhibit accurately reflects administration of the
10 PGA recovery mechanism as approved by the Commission.

11
12 **Q. PLEASE EXPLAIN EXHIBIT NO. ____ (RMR-1).**

13 A. Exhibit No. ____ (RMR-1) shows monthly (over)/under collections
14 experienced by SCE&G in administering the PGA mechanism during the Review
15 Period. This exhibit shows that SCE&G entered the Review Period with an under
16 collection of \$2,904,054. As of the end of the Review Period, the exhibit shows
17 an under-collected balance of \$9,110,847. As of August 31, 2014, the under-
18 collected balance was \$9,081,403.

19
20 **Q. PLEASE EXPLAIN EXHIBIT NO. ____ (RMR-2).**

21 A. Exhibit No. ____ (RMR-2) shows a summary of the monthly forecast of
22 gas cost components and the resulting monthly (over)/under collection balances.

1 The end of period balance of zero shows that the forecasted gas cost factors would
2 eliminate any projected (over)under collection amount by the end of the forecast
3 period ending August 2015.
4

5 **Q. WHAT ARE YOU REQUESTING OF THE COMMISSION IN THIS**
6 **PROCEEDING?**

7 **A.** On behalf of SCE&G, I respectfully request the Commission find that (1)
8 during the Review Period, the Company properly administered the PGA
9 mechanism and correctly adjusted the gas cost recovery factors for each customer
10 usage group in accordance with the terms of Order Nos. 2006-679 and 2009-910;
11 (2) the Company recovered its gas costs for the Review Period consistent with its
12 tariffs and Commission orders and that it purchased its gas supplies and
13 administered the PGA in a prudent and reasonable manner; (3) the new DCOG
14 allocation factors are appropriate and to be effective for the first billing cycle of
15 January 2015; and (4) the current gas cost recovery mechanism be continued.
16

17 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

18 **A.** Yes.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
PURCHASED GAS ADJUSTMENT
(OVER)/UNDER COLLECTION

	<u>ACTUAL</u> <u>COMM. COST</u> <u>PER THERM</u> (COL 1)	<u>BILLING</u> <u>COMM. COST</u> <u>PER THERM</u> (COL 2)	<u>DIFFERENCE</u> (COL 3) (1-2)	<u>FIRM SALES</u> <u>THERMS</u> (COL 4)	<u>COMMODITY</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL 5) (3x4)	<u>DEMAND</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL 6)	<u>TOTAL</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL 7) (5+6)	<u>CUMULATIVE</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL 8)
							BEGINNING BALANCE	\$2,904,054
AUG 13	\$0.32444	\$0.40143	(\$0.07699)	7,781,400	(\$590,982)	\$1,934,292	\$1,343,309	\$4,247,363
SEP 13	\$0.35139	\$0.34911	\$0.00228	7,321,787	\$8,527	\$2,100,135	\$2,108,662	\$6,356,025
OCT 13	\$0.44617	\$0.34911	\$0.09706	8,669,936	\$832,971	\$868,749	\$1,701,720	\$8,057,745
NOV 13	\$0.65794	\$0.34911	\$0.30883	15,443,979	\$4,769,893	(\$5,788,671)	(\$1,018,779)	\$7,038,966
DEC 13	\$0.42785	\$0.34911	\$0.07874	29,716,397	\$2,354,466	(\$3,992,047)	(\$1,637,580)	\$5,401,385
JAN 14	\$0.58364	\$0.42572	\$0.15792	43,488,040	\$6,899,804	(\$11,655,273)	(\$4,755,469)	\$645,916
FEB 14	\$0.43816	\$0.42572	\$0.01244	48,498,011	\$637,874	\$1,710,263	\$2,348,137	\$2,994,054
MAR 14	\$0.50190	\$0.42572	\$0.07618	34,976,081	\$2,715,437	(\$3,454,414)	(\$738,978)	\$2,255,077
APR 14	\$0.28282	\$0.42572	(\$0.14290)	20,650,994	(\$2,891,689)	\$3,413,096	\$521,407	\$2,776,484
MAY 14	\$0.37070	\$0.42572	(\$0.05502)	10,475,810	(\$501,033)	\$2,490,788	\$1,989,755	\$4,766,240
JUN 14	\$0.37214	\$0.42572	(\$0.05358)	8,186,283	(\$361,659)	\$2,195,627	\$1,833,968	\$6,600,207
JUL 14	\$0.40376	\$0.42572	(\$0.02196)	8,045,662	(\$99,021)	\$2,609,660	\$2,510,640	\$9,110,847

SOUTH CAROLINA ELECTRIC AND GAS COMPANY
PROJECTED COMMODITY AND DEMAND COSTS
(OVER)/UNDER COLLECTION

	<u>COMM COST</u> <u>PER THERM</u> (COL. 1)	<u>BILLING</u> <u>COMM COST</u> <u>PER THERM</u> (COL. 2)	<u>DIFFERENCE</u> (COL. 3) (1-2)	<u>FIRM SALES</u> <u>THERMS</u> (COL. 4)	<u>COMMODITY</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL. 5) (3x4)	<u>DEMAND</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL. 6)	<u>TOTAL</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL. 7) (5+6)	<u>CUMULATIVE</u> <u>TOTAL</u> <u>(OVER)UNDER</u> <u>COLLECTION</u> (COL. 8)
						BALANCE @ END OF AUGUST 2014		\$9,081,403
Sep-14	\$0.47930	\$0.43348	\$0.04582	7,679,596	\$351,905	\$880,792	\$1,232,697	\$10,314,100
Oct-14	\$0.63903	\$0.43348	\$0.20555	8,752,058	\$1,799,022	\$299,188	\$2,098,210	\$12,412,310
Nov-14	\$0.60870	\$0.43348	\$0.17522	15,117,383	\$2,648,933	(\$2,616,549)	\$32,384	\$12,444,694
Dec-14	\$0.46707	\$0.43348	\$0.03359	30,044,160	\$1,009,206	(\$4,253,948)	(\$3,244,742)	\$9,199,952
Jan-15	\$0.37538	\$0.43348	(\$0.05810)	41,734,714	(\$2,424,585)	(\$7,747,273)	(\$10,171,857)	(\$971,905)
Feb-15	\$0.29626	\$0.43348	(\$0.13721)	39,398,300	(\$5,405,986)	\$661,747	(\$4,744,239)	(\$5,716,144)
Mar-15	\$0.33298	\$0.43348	(\$0.10049)	26,656,775	(\$2,678,810)	\$2,720,511	\$41,701	(\$5,674,443)
Apr-15	\$0.29035	\$0.43348	(\$0.14313)	17,256,459	(\$2,469,909)	\$1,920,573	(\$549,337)	(\$6,223,780)
May-15	\$0.33056	\$0.43348	(\$0.10291)	10,993,749	(\$1,131,396)	\$2,034,357	\$902,961	(\$5,320,819)
Jun-15	\$0.27644	\$0.43348	(\$0.15704)	8,225,312	(\$1,291,699)	\$2,375,070	\$1,083,372	(\$4,237,448)
Jul-15	\$0.33258	\$0.43348	(\$0.10090)	7,780,581	(\$785,054)	\$1,808,149	\$1,023,095	(\$3,214,354)
Aug-15	\$0.49713	\$0.43348	\$0.06365	7,679,151	\$488,786	\$2,725,568	\$3,214,354	(\$0)